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March 14, 2008

HAND DELIVERED

Docket Control
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007-2927

Re: Staff's January 25, 2008 Letter of Insufficiency and Staff's Second Request to
Dancris Telecom, L.L.C.
Docket No. T-03296A-07-0335

To Whom It May Concern:

You will find attached an "original" and 13 copies of the Asset Purchase Agreement that were rejected by your office today, in response to John F. Bostwick's letter of January 25, 2008, due to the fact that the docket number were not on them (although they were intended to be attachments to a letter from this office bearing the same information set forth herein above).

Very Truly Yours,

Jeffrey S. Kaufman

JSK/ds

Arizona Corporation Commission
DOCKETED
MAR 14 2008

DOCKETED BY	NR
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AZ CORP COMMISSION
DOCKET CONTROL

2008 MAR 14 P 3:48

RECEIVED

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of February 10, 2004 (the "Effective Date"), by and between Andiamo Telecom, L.L.C., an Arizona limited liability company ("Buyer"), and Dancris Telecom, L.L.C., an Arizona limited liability company ("Seller").

RECITALS

1. Seller is engaged in various lines of business, including: (a) a prepaid calling card business; (b) a "one-plus" long-distance telephone service business; (c) an internet service business; and (d) a telephone operator service business. This Agreement refers to the four (4) foregoing lines of business, each, individually, as a "Purchased Business" and, collectively, as the "Purchased Businesses."

2. Seller and Comerica Bank-California ("Comerica") are parties to that certain Amended and Restated Loan and Security Agreement, dated as of August 26, 2002 (the "Loan and Security Agreement"), pursuant to which Comerica advanced certain funds to Seller (the "Loan"). RAS Associates, L.L.C. (the "Secured Lender") now holds all of Comerica's rights with respect to the Loan and the Loan and Security Agreement. As of the end of the Schedules Date (as such term is defined in **Section 1**), the outstanding principal balance of the Loan is One Million Eighty-Seven Thousand Five Hundred Seventy-One Dollars (\$1,087,571). The balance of the Loan was accelerated, and Seller has entered into negotiations with the Secured Lender for a deferral of repayment of the Loan and a corresponding forbearance from the Secured Lender. The Secured Lender has demanded that Seller sell assets of the Purchased Businesses (as such term is defined in **Section 1**), as a condition to entering into a forbearance agreement with Seller with respect to repayment of the Loan.

3. Seller has, for an extended period, marketed the assets of the Purchased Businesses to potential purchasers.

4. Based upon its knowledge of the industry, its assets and liabilities and such marketing efforts, Seller has determined that (a) the terms of the sale of the assets of the Purchased Businesses to Buyer, as set forth in this Agreement, constitute the highest and best offer for the assets of the Purchased Businesses available to Seller, and (b) the value to Seller of Buyer's assumption of Seller's liabilities under the terms of this Agreement is greater than or equal to the value of the assets of the Purchased Businesses.

5. The parties desire to enter into a transaction whereby Seller would sell the assets of the Purchased Businesses to Buyer on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the conditions, covenants, and representations and warranties set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, Buyer and Seller agree as follows:

AGREEMENT

1. DEFINITIONS

In addition to capitalized terms defined elsewhere in this Agreement, the following terms shall have the indicated meanings:

"Assumed Business Liabilities" means only the following specifically enumerated liabilities and obligations of Seller:

(a) Seller's deferred revenue liability accrued through the end of the Schedules Date in connection with the Purchased Businesses, which is no more than Seven Hundred Forty-Eight Thousand Nine Hundred Seventy-Eight Dollars and Twenty-Five Cents (\$748,978.25);

(b) any deferred revenue liability incurred by Seller in the ordinary course during the Executory Period in connection with the Purchased Businesses;

(c) the obligations of Seller with respect to those customer security deposits described in **Schedule A** that were received by Seller in connection with the Purchased Businesses;

(d) any obligations of Seller with respect to customer security deposits received by Seller in the ordinary course during the Executory Period in connection with the Purchased Businesses;

(e) those accounts payable of Seller as of the end of the Schedules Date that are listed in **Schedule B(1)** and that were incurred in connection with the Purchased Businesses;

(f) any accounts payable of Seller incurred in the ordinary course during the Executory Period in connection with the Purchased Businesses;

(g) those unbilled payables of Seller, as of the end of the Schedules Date, which are no more than Three Hundred Seventy Thousand Two Hundred Dollars and Thirty-Six Cents (\$370,200.36), that (i) have accrued since January 1, 2004; (ii) were incurred in connection with the Purchased Businesses, and (iii) relate to (x) those persons and entities listed in **Schedule B(2)**, or (y) employees or commissioned agents performing services for the Purchased Businesses;

(h) any accrued and unbilled payables of Seller incurred in the ordinary course during the Executory Period in connection with the Purchased Businesses;

(i) any commissions payable by Seller to its non-employee agents that arise in the ordinary course during the Executory Period in connection with the Purchased Businesses;

(j) Seller's liabilities and obligations with respect to the Loan and the Loan and Security Agreement;

(k) Seller's obligation to repay the indebtedness evidenced by that certain note by Seller in favor of L.U.S.A., which, as of the end of the Schedules Date, has an outstanding unpaid principal balance equal to One Hundred Fifteen Thousand Dollars (\$115,000.00) plus all accrued and unpaid interest thereon; and

(l) with respect to all employees of Seller that are offered and accept employment with Buyer, Seller's obligations with respect to (i) accrued and unpaid benefits, including paid time off, and (ii) credit for years of service.

"Best Knowledge" of a party, with respect to any subject, means the actual knowledge of such party regarding such subject, together with any knowledge that a commercially reasonable investigation of the subject would reveal.

"Closing" means, with respect to any of the Purchased Business Assets, the closing of the transaction pursuant to which such Purchased Business Asset is transferred to Buyer.

"Closing Documents" means all documents that this Agreement requires Seller to execute and deliver to Buyer at the Closing.

"Contracts" means all contracts, licenses, leases of real or personal property and other agreements and arrangements, whether written or oral, relating to the Purchased Businesses into which Seller has entered or by which any of the Purchased Business Assets are bound including, but not limited to: (a) the real property leases listed in **Schedule C**, (b) the personal property leases listed in **Schedule D**, and (iii) Seller's agreements with commissioned non-employee agents in connection with the Purchased Businesses.

"Encumbrance" means any lien, claim, security interest, liability, obligation, setoff, equity, mortgage, pledge or other encumbrance of any kind or description including, but not limited to, any restriction or condition to transfer or assignment.

"Excluded Assets" means the Schedules Date Cash and all other assets of Seller that are not Purchased Business Assets.

"Excluded Liabilities" means all liabilities and obligations of Seller other than the Assumed Business Liabilities.

"Executory Period" means the period beginning on and including the day after the Schedules Date and ending on and including the day before the Initial Closing Date.

"FCC" means the Federal Communications Commission.

"Financial Statements" means the balance sheet of Seller as of the Financial Statements Date and the related statements of income, retained earnings and changes in financial position for the period ending on the Financial Statements Date.

"Financial Statements Date" means December 31, 2003.

"Initial Closing" means the closing of the transaction on the Initial Closing Date pursuant to which certain Purchased Business Assets are transferred to Buyer.

"Initial Closing Date" means the later to occur of (a) February 16, 2004, and (b) the first business day after Buyer obtains a Section 214 Authorization from the FCC.

"Intellectual Property" means all intellectual property and proprietary rights (including any and all applications for or registrations of common law and statutory rights) that are owned by Seller in connection with the Purchased Businesses or the Purchased Business Assets including, but not limited to: any and all rights of Seller (a) in and to computer software programs, patents, patent rights, inventions, creations, devices, works-in-progress, trade secrets, know-how, techniques, processes, work product, copyrights, trademarks, logos (including, but not limited to, all rights of Seller in and to those trademarks and logos used by Seller in connection with its prepaid calling card business), service marks, domain names (including, but not limited to, the domain names "dancris.com" and "dancristelecom.com") and customer lists, and (b) information of any nature relating to the Purchased Businesses or the Purchased Business Assets that Seller considers or treats as confidential or proprietary including, but not limited to, any information of a technical nature and any customer lists.

"Laws" means all federal, state, local and foreign laws, rules, regulations, codes, ordinances, orders, judgments, injunctions, awards and decrees.

"Manager(s)" means (a) with respect to Seller, Peter M. Stazzone and Jack D. Kelley, and (b) with respect to Buyer, Cara Management, L.L.C., an Arizona limited liability company.

"Material Adverse Effect" means a material adverse effect on the ability of Seller to perform its obligations under this Agreement, the Purchased Businesses and/or the Purchased Business Assets.

"Members" means (a) with respect to Seller, Joeson, L.L.C., an Arizona limited liability company, and Cahill Family Limited Partnership, an Iowa limited partnership, and (b) with respect to Buyer, Cara Management, L.L.C., an Arizona limited liability company, Morgan Park Associates, L.L.C., an Arizona limited liability company, and Windmere Enterprises, LLC, an Arizona limited liability company.

"Permits" means all licenses, permits and approvals of any governmental authority that are material to or necessary for the lawful conduct and operation of the Purchased Businesses or to Buyer's use of the Purchased Business Assets after the Initial Closing Date.

"Person" means any individual, corporation, partnership, firm, joint venture, association, limited liability company, trust, unincorporated organization, governmental authority or other entity.

"Purchased Business Assets" means all tangible or intangible assets of any nature owned by Seller, except for the Schedules Date Cash, that relate to the Purchased Businesses including, but not limited to:

(a) all of Seller's accounts receivable arising from or relating to the operation of the Purchased Businesses through the end of the Executory Period including, but not limited to, (i) all of Seller's accounts receivable arising from or relating to the sale of long-distance telephone services (approximately 20,000 customers as of the Schedules Date) or internet services (approximately 1,500 customers as of the Schedules Date) through the end of the Executory Period, and (ii) all of Seller's accounts receivable arising from or relating to the sale of telephone operator services or prepaid calling cards including, but not limited to, those accounts receivable as of the end of the Schedules Date, as set forth in **Schedule E**, less payments received on such accounts during the Executory Period, plus any additional accounts receivable so arising and generated during the Executory Period;

(c) the fixed assets described in **Schedule F**;

(d) all rights of Seller in and to those telephone numbers and access and identification codes listed in **Schedule G**;

(e) all rights of Seller under the Contracts including, but not limited to (i) all security deposits paid by Seller in connection with the Contracts including, but not limited to, the security deposits listed in **Schedule H**, and (ii) all fees and expenses prepaid by Seller in connection with the Contracts including, but not limited to, the prepaid fees and expenses listed in **Schedule I**;

(f) all Intellectual Property;

(g) all Tangible Property not referred to above;

(h) all goodwill associated with the Purchased Businesses; and

(i) all books and records relating to the Purchased Businesses.

"Schedules Date" means February 6, 2004.

"Schedules Date Cash" means the amount of cash and cash equivalents held by Buyer as of the end of the Schedules Date.

"Section 214 Authorization" means an authorization from the FCC pursuant to Section 214 of the Communications Act of 1934.

"Tangible Property" means all tangible personal property owned by Seller that relates to the Purchased Businesses.

2. PURCHASE AND SALE OF ASSETS; LIMITED ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of Purchased Business Assets. Subject to the terms and conditions set forth in this Agreement, Seller shall sell, convey, transfer, assign and deliver all of the Purchased Business Assets to Buyer, and Buyer shall purchase and accept from Seller, good and marketable title to all of the Purchased Business Assets, free and clear of any Encumbrances

except for the security interest created by the Loan and Security Agreement. Buyer shall not purchase any of the Excluded Assets, each of which shall remain the sole property of Seller.

2.2 Assumption of Liabilities. On and after the Initial Closing Date, and subject to the terms and conditions set forth in this Agreement and in full consideration for the transfer of the Purchased Business Assets to Buyer, Buyer shall assume and timely perform all Assumed Business Liabilities. Buyer shall not assume or be liable for any of the Excluded Liabilities, each of which shall be retained by, and shall remain the sole responsibility of, Seller.

2.3 Adequacy of Consideration. The parties acknowledge and agree that (a) the value of the Purchased Business Assets is less than or equal to the value of the Assumed Business Liabilities, and (b) Buyer's agreement to assume and perform the Assumed Business Liabilities is full and fair consideration for Seller's agreement to sell and deliver the Purchased Business Assets to Buyer.

3. CLOSING

3.1 Date and Time of Initial Closing. The Initial Closing shall take place on the Initial Closing Date and shall be deemed to occur at 12:00 a.m., Arizona time, on the Initial Closing Date.

3.2 Closing of Intrastate Operator Services Business. Notwithstanding Section 3.1, the Closing with respect to the transfer of Purchased Business Assets relating to each of Seller's intrastate operator services operations shall take place (and shall be deemed to occur at 12:00 a.m., Arizona time) on the Closing Date with respect to such operation. The Closing Date with respect to each specific intrastate operator services operation shall be the later to occur of (a) February 16, 2004, and (b) the first business day after Buyer obtains the applicable state regulatory approval to the transfer of the Purchased Business Assets relating to the specific intrastate operator services operation.

3.3 Closing Documents. On the Initial Closing Date, Seller shall deliver to Buyer all assignment documents, bills of sale and other instruments of sale, transfer and conveyance reasonably necessary to consummate the transactions contemplated by this Agreement or to evidence Buyer's interest in and title to all Purchased Business Assets, all in form and substance acceptable to Buyer including, but not limited to, an Assignment and Assumption Agreement, in the form attached as Exhibit 1.

4. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS AT CLOSING

Buyer's obligations at the Initial Closing are subject, at Buyer's option, to the fulfillment of each of the following conditions on or before the Initial Closing Date. Buyer may, in its sole discretion, waive any or all of such conditions.

4.1 Representations and Covenants. All representations and warranties of Seller set forth in this Agreement shall be true and accurate in all material respects on and as of the Initial Closing Date as though made on and as of that date.

4.2 Performance of Obligations. Seller shall have performed, satisfied and complied in all material respects with all covenants and agreements that this Agreement requires Seller to perform or comply with by the Initial Closing Date. Seller shall have delivered to Buyer a certificate, dated as of the Initial Closing Date and duly executed by Seller, to the foregoing effect.

4.3 No Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body, or instituted or threatened by any governmental or regulatory body: (a) to restrain, modify or prevent the carrying out of the transactions contemplated by this Agreement; (b) to seek damages or a discovery order in connection with such transactions; or (c) that has a Material Adverse Effect or restricts the ability of Buyer to perform its obligations under this Agreement. Seller shall have delivered to Buyer a certificate, dated as of the Initial Closing Date and duly executed by Seller, that, to the Best Knowledge of Seller, there is no such action, suit or proceeding.

4.4 Member and Manager Approvals. Seller shall have obtained the written consent of its Managers and Members to the consummation of the transactions contemplated by this Agreement. Seller shall have delivered to Buyer a certificate, dated as of the Initial Closing Date and duly executed by Seller, to the foregoing effect.

4.5 No Adverse Material Effects. Buyer shall have discovered no material facts relating to the Purchased Business Assets that have or may have a Material Adverse Effect.

4.6 Forbearance Agreement. Seller and the Secured Lender shall have executed, and Seller shall have delivered to Buyer a copy of, a forbearance agreement by and between Seller and the Secured Lender, in form and content acceptable to Buyer.

4.7 Section 214 Authorization. Buyer shall have obtained a Section 214 Authorization from the FCC.

5. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS AT CLOSING

Seller's obligations at the Initial Closing are subject, at Seller's option, to the fulfillment of each of the following conditions on or before the Initial Closing Date. Seller may, in its sole discretion, waive any or all of such conditions.

5.1 Representations and Covenants. All representations and warranties of Buyer set forth in this Agreement shall be true and accurate in all material respects on and as of the Initial Closing Date as though made on and as of that date.

5.2 Performance of Obligations. Buyer shall have performed, satisfied and complied in all material respects with all covenants and agreements that this Agreement requires Buyer to perform or comply with by the Initial Closing Date. Buyer shall have delivered to Seller a certificate, dated as of the Initial Closing Date and duly executed by Buyer, to the foregoing effect.

5.3 No Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body, or instituted or threatened by any governmental or regulatory body: (a) to restrain, modify or prevent the carrying out of the transactions contemplated by this Agreement; (b) to seek damages or a discovery order in connection with such transactions;

or (c) that restricts the ability of Buyer or Seller to perform their respective obligations under this Agreement. Buyer shall have delivered to Seller a certificate, dated as of the Initial Closing Date and duly executed by Buyer, that Buyer has no knowledge of any such action, suit or proceeding.

5.4 Member and Manager Approvals. Buyer shall have obtained the written consent of its Manager and Members to the consummation of the transactions contemplated by this Agreement. Buyer shall have delivered to Seller a certificate, dated as of the Initial Closing Date and duly executed by Buyer, to the foregoing effect.

6. REPRESENTATIONS AND WARRANTIES OF SELLER

As of the Effective Date and the Initial Closing Date, Seller represents and warrants to Buyer as follows:

6.1 Organization; Good Standing; Power and Authority; Qualification. Seller: (a) is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Arizona; (b) has the legal capacity and all requisite power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted, to enter into this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement; and (c) is duly qualified and in good standing to do business in all jurisdictions where the failure to be so qualified and in good standing would have a Material Adverse Effect.

6.2 Authorization. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action of Seller, including any and all necessary approvals of its Managers and Members.

6.3 Financial Statements. The Financial Statements are complete, true and correct and accurately represent in all material respects the financial condition and results of Seller's operations through the Financial Statements Date in accordance with generally accepted accounting principles consistently applied throughout each period covered by the statements.

6.4 No Material Adverse Changes. Since the Financial Statements Date, the Business has been operated in the ordinary course, consistent with past practice, and there has not been:

(a) any damage, destruction or loss of or to the Purchased Businesses or the Purchased Business Assets, whether or not covered by insurance, that had or could have a Material Adverse Effect;

(b) any transaction by Seller relating to the Purchased Businesses or the Purchased Business Assets, except in the ordinary course;

(c) any revaluation of the Purchased Business Assets or Assumed Business Liabilities by Seller;

(d) any change in the business or accounting methods or practices of Seller (including, but not limited to, any change in depreciation or amortization policies or rates) relating to the Purchased Businesses or the Purchased Business Assets;

(e) any lease, sale or other transfer of any Purchased Business Asset or any part of the Purchased Businesses, except in the ordinary course of business and for fair market value;

(f) any entry into, or amendment or termination of, any material contract, agreement or license, except in the ordinary course of business and upon terms and conditions that are fair and reasonable to Seller;

(g) any material litigation or other action commenced against Seller with respect to the Purchased Businesses or the Purchased Business Assets;

(h) any cancellation by Seller of any material debt or claim in favor of the Purchased Businesses;

(i) any amendment, termination or waiver of any rights of Seller that are material to the Purchased Businesses or the Purchased Business Assets;

(j) any other event or condition of any nature that has had, or might reasonably have, a Material Adverse Effect; or

(k) any agreement or understanding, whether written or oral, for Seller to take any action specified in this Section 6.4.

6.5 Tax Matters. Seller has timely filed with the appropriate taxing authorities all tax returns, reports and information required to be filed by Seller through the Initial Closing Date. All such returns, reports and information are complete and accurate in all material respects. Seller has either paid or established adequate reserves for the payment of all taxes and assessments payable by Seller for periods beginning before the Initial Closing Date. Seller has no liability for taxes in excess of the amounts so paid or reserves so established. Seller is not delinquent in the payment of any tax liability. Seller has not received any notice of any claimed, proposed or threatened tax deficiency or assessment. No audits, investigations or claims for or relating to any tax liability or assessment of any kind are pending or have been overtly threatened. None of Seller's tax returns has been examined by or settled with the United States Internal Revenue Service or any state or local department of revenue or taxation, and no waiver extending the statute of limitations has been requested or granted.

6.6 Managers; Members. Peter M. Stazzone and Jack D. Kelley are the sole managers of Seller. Joeson, L.L.C., an Arizona limited liability company, and Cahill Family Limited Partnership, an Iowa limited partnership, are the sole Members of Seller, and both Members hold a fifty percent (50%) percentage interest in the profits and losses of Seller. There are no other legal or beneficial owners or holders of any equity interests in Seller, and there are no claims by any Person with respect to any equity interests in Seller, nor do any grounds exist upon which any Person could assert any such claim.

6.7 Compliance with Laws; Permits. Seller has been and remains in compliance in all material respects with all Laws and has received no notice of any default with respect to any Law. Seller holds all Permits necessary to conduct the Purchased Businesses. Seller has lawfully obtained and has been and remains in compliance with the terms of all Permits, all Permits are in

full force and effect and, to the Best Knowledge of Seller, no proceeding is pending or threatened to revoke or limit any Permit.

6.8 No Litigation. There are: (a) no outstanding orders, judgments, injunctions, awards or decrees of any court, governmental or regulatory body or arbitration tribunal against or involving the Purchased Businesses or any of the Purchased Business Assets; (b) no actions, suits or claims or legal, administrative or arbitration proceedings or investigations pending or, to the Best Knowledge of Seller, threatened against or involving the Purchased Businesses or any of the Purchased Business Assets; and (c) to the Best Knowledge of Seller, no facts, events or circumstances that may give rise to any such proceedings against or involving the Purchased Businesses or any of the Purchased Business Assets.

6.9 Real Property. Except for Seller's rights and interests under the real property leases listed in **Schedule C**, Seller owns (a) no interest in any real property used in connection with the Purchased Businesses, and (b) no option or contractual obligation to purchase, acquire, sell or dispose of any interest in real property used in connection with the Purchased Businesses. Seller has delivered to Buyer true and complete copies of all such lease and sublease agreements. All leases and subleases are in full force and effect and are not subject to any lien. Seller has received no notice of any default under any lease or sublease agreement.

6.10 Tangible Property. **Schedules D** and **F**, respectively, describe (a) all personal property leases relating to the Purchased Businesses under which Seller may use or hold any interest in or to Tangible Property, and (b) all other material Tangible Property. All such personal property leases are in full force and effect. Seller has delivered to Buyer true and complete copies of all such leases and contracts. All Tangible Property is in good operating condition and repair, ordinary wear and tear excepted. Since Seller's formation, no significant interruption of Seller's business is or has been attributable to inadequate maintenance of the Tangible Property.

6.11 Intellectual Property. Seller has delivered to Buyer true and complete copies of all assignments and license and other agreements under which Seller has acquired any Intellectual Property, assigned any Intellectual Property to any third party or granted any third party any license or other rights respecting the Intellectual Property. Seller is the sole owner of all Intellectual Property, free and clear of any Encumbrances. Neither the Intellectual Property nor the operation of the Purchased Businesses as conducted on the Effective Date infringes or otherwise violates the intellectual property or proprietary rights of any Person. To the Best Knowledge of Seller, no third party is infringing upon any of the Intellectual Property. Seller has not misappropriated any third party's trade secrets or other confidential or proprietary information. The Purchased Business Assets include all copyrights, trade secrets, trademarks, patents, patent rights and other Intellectual Property necessary for the operation of the Purchased Businesses as conducted on the Effective Date.

6.12 Title to Purchased Business Assets. Except for the security interest created by the Loan and Security Agreement, Seller owns outright and has good and marketable title to, or holds by valid and enforceable agreement of lease or license, all Purchased Business Assets free and clear of any Encumbrances.

6.13 Suppliers, Vendors and Customers. The relationships of Seller with all of the suppliers, vendors and customers of the Purchased Businesses are good commercial working relationships and, during the last twelve (12) months: (a) there has been no cancellation or other termination, or threatened cancellation or termination, by any supplier, vendor or customer of the Purchased Businesses of its relationship with Seller that had or could have a Material Adverse Effect; (b) there has been no decrease in the materials, equipment or services made available to Seller by the suppliers and vendors of the Purchased Businesses that had or could have a Material Adverse Effect; and (c) there has been no decrease in the usage or purchase of the services or products of Seller by the customers of the Purchased Businesses that had or could have a Material Adverse Effect. To the Best Knowledge of Seller, neither the execution of this Agreement or the consummation of any transaction contemplated by this Agreement would cause any supplier, vendor or customer of the Purchased Businesses to cancel or modify its relationship with Seller or otherwise adversely affect the relationship of Seller with any such supplier, vendor or customer.

6.14 Employees. Seller is not a party to any collective bargaining agreements. Seller is not delinquent in payments to any of its employees that perform services for the Purchased Businesses for any wages, salaries, commissions, bonuses or other direct compensation for any services performed by them to date or amounts required to be reimbursed to such employees. There is no labor strike, dispute, claim, charge, lawsuit, proceeding, labor slowdown or stoppage pending or threatened against or involving Seller and, to the Best Knowledge of Seller, no labor union has taken any action with respect to organizing the employees of Seller that perform services for the Purchased Businesses. With respect to any of its present or former employees and officers that perform services for the Purchased Businesses, Seller does not presently maintain, contribute to or have any liability under any employee benefit or welfare plan, including: (a) any non-qualified deferred compensation or retirement plan or arrangement that is an "employee benefit plan" under the Employee Retirement Income Security Act of 1974 ("ERISA"); (b) any qualified defined contribution retirement plan or arrangement; (c) any qualified defined benefit pension plan or arrangement; or (d) any unfunded or funded medical, health or life insurance plan or arrangement for present or future retirees or present or future terminated employees that is an "employee benefit plan" under ERISA.

6.15 Environmental Compliance. Seller has not used any materials or substances that any Law may define as a "hazardous waste" or "hazardous substance" or that is regulated by any applicable Law or governmental authority (collectively, "Hazardous Materials") (a) in any way that materially affects the Purchased Businesses or the Purchased Business Assets or any facility or property used in connection with the operation of the Purchased Businesses or the use of the Purchased Business Assets, or (b) in any manner that violates any Law governing the use, storage, transportation, manufacture, handling, production or disposal of Hazardous Materials.

6.16 Insurance. All insurance policies that Seller maintains on the Effective Date that relate to the Purchased Businesses or the Purchased Business Assets are in full force and effect, all premiums with respect to such policies are currently paid, Seller has received no cancellation notices respecting any such policy and there exists no default or event that, with notice, the lapse of time or both, would constitute a default under any such policy.

6.17 Books and Records. The books and records of Seller, which Seller has delivered to Buyer, are complete, true and correct in all material respects and fairly represent the conduct of the Purchased Businesses.

6.18 Accounts Receivable. As of the end of the Schedules Date: (a) the combined outstanding balance of Seller's accounts receivable arising from or relating to the sale of long-distance telephone services and internet services is approximately Eight Hundred Forty-Nine Thousand Four Hundred Six Dollars and Eighteen Cents (\$849,406.18); (b) the outstanding balance of Seller's accounts receivable arising from or relating to the provision of operator services is approximately Three Hundred Seventeen Thousand Six Hundred Ninety-Nine Dollars and Three Cents (\$317,699.03); and (c) the outstanding balance of Seller's accounts receivable arising from or relating to the sale of prepaid calling cards is approximately Three Hundred Ninety-Six Thousand Three Hundred Sixty-One Dollars and Seventy-Nine Cents (\$396,361.79).

6.19 Full Disclosure. No representation or warranty by Seller set forth in this Agreement, and no writing, certificate, Schedule, list, report, instrument or other document furnished to Buyer pursuant to this Agreement or in connection with the transactions contemplated by this Agreement, contains any untrue statement of fact, or omits to state a fact necessary in order to make the statements and information contained therein not misleading, or necessary in order to provide a prospective purchaser of the Purchased Businesses and the Purchased Business Assets with full and proper information relating to the Purchased Businesses and their respective affairs and prospects of future business.

7. REPRESENTATIONS AND WARRANTIES OF BUYER

As of the Effective Date and the Initial Closing Date, Buyer represents and warrants to Seller as follows:

7.1 Power and Authority. Buyer has the legal capacity and all requisite power and authority to enter into this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement.

7.2 Authorization. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action of Buyer, including any and all necessary approvals of its Manager and Members.

7.3 Manager; Members. Cara Management, L.L.C., an Arizona limited liability company ("Cara"), is the manager of Buyer. Cara, Morgan Park Associates, L.L.C., an Arizona limited liability company, and Windmere Enterprises, LLC, an Arizona limited liability company, are the sole Members of Buyer. There are no other legal or beneficial owners or holders of any equity interests in Buyer, and there are no claims by any Person with respect to any equity interests in Buyer, nor do any grounds exist upon which any Person could assert any such claim.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Notwithstanding any right of Buyer to investigate the affairs of Seller, and notwithstanding any knowledge of facts that Buyer may determine or be able to determine through such investigation or right of investigation, each party shall have the right to rely fully

upon the representations, warranties, covenants and agreements of the other party set forth in this Agreement. All such representations, warranties, covenants and agreements shall survive the Closing and the execution and delivery of this Agreement for a period of three (3) years after the Initial Closing Date.

9. INDEMNIFICATION

9.1 Seller's Indemnity. Seller shall indemnify, defend and hold Buyer harmless for, from and against all claims, losses, damages, deficiencies, costs or expenses including, but not limited to, interest, penalties and reasonable attorneys fees and disbursements ("Losses") arising from or otherwise attributable to: (a) any material inaccuracy in or breach of any representation or warranty of Seller contained in this Agreement or any of the Closing Documents; (b) any failure to perform or observe any term, provision, covenant, agreement or condition that this Agreement or any Closing Document requires Seller to perform or observe; or (c) Buyer's being required to assume or discharge, by operation of Law or otherwise, any of the Excluded Liabilities.

9.2 Buyer's Indemnity. Buyer shall indemnify, defend and hold Seller harmless for, from and against all Losses arising from or otherwise attributable to (a) any material inaccuracy in or breach of any representation or warranty of Buyer contained in this Agreement, or (b) any failure to perform or observe any term, provision, covenant, agreement or condition that this Agreement requires Buyer to perform or observe.

9.3 Procedure. With respect to any claim, demand, lawsuit, action, proceeding, or assessment (each, a "Claim") brought by a third party that may give rise to indemnification under this Agreement from an indemnitor (the "Indemnitor") to an indemnified party (the "Indemnified Party"), the following procedure shall be followed:

(a) Promptly after the assertion of any Claim by a third party, the Indemnified Party shall notify the Indemnitor in writing of such Claim. The notice shall specify (i) the facts then known to the Indemnified Party relating to the Claim, (ii) the amount or estimated amount of the liability claimed by such third party, and (iii) whether the Indemnified Party intends to contest such Claim. The Indemnitor and the Indemnified Party agree that the Indemnitor shall have the right to submit Claims properly covered by liability insurance to the appropriate carrier of such insurance, and both parties agree to cooperate in such effort.

(b) The Indemnified Party shall have the absolute right, in its sole discretion and at the sole expense of the Indemnitor, to defend, contest, settle or otherwise protect against any Claim or action that may give rise to a Claim with legal counsel of its own selection; provided, however, that the Indemnified Party shall not agree or consent to any judgment or settlement that imposes injunctive or equitable relief against the Indemnitor without the prior written consent of the Indemnitor. The Indemnitor shall have the right, but not the obligation, to participate, at its own expense, in the defense thereof through counsel of its own choice and shall have the right, but not the obligation, to assert any and all crossclaims and counterclaims it may have. Each party shall, and shall cause its affiliates to, at all times cooperate in all reasonable ways with, make its relevant files and

records available for inspection and copying by, and make its employees available or otherwise render reasonable assistance to, the other party in its defense of any Claim. If the Indemnified Party notifies the Indemnitor that the Indemnified Party does not intend to contest the Claim, the Indemnitor shall defend, contest, assert crossclaims or counterclaims or otherwise protect against such Claim and may make any compromise or settlement thereof; provided, however, that the Indemnified Party's decision not to contest the Claim shall not discharge or otherwise lessen the Indemnitor's obligations under this Section 9.

10. FURTHER COVENANTS, AGREEMENTS, REPRESENTATIONS AND WARRANTIES

The parties further covenant, agree, represent and warrant as follows:

10.1 Expenses. Each party shall bear all expenses it incurs in connection with the preparation, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement including, but not limited to, all fees and expenses of its agents, representatives, counsel and accountants.

10.2 No Brokers. Buyer and Seller each represents and warrants to the other party that it has dealt with no broker or finder that would be entitled to a commission or fee by reason of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated by this Agreement.

10.3 Conduct of Business Prior to Closing. During the Executory Period, Seller shall operate the Purchased Businesses as now operated and only in the normal and ordinary course and, consistent with such operation, shall use its best efforts to preserve intact the Purchased Businesses and the Purchased Business Assets, to keep available the services of its officers and employees and to maintain satisfactory relationships with all Persons having business dealings with it. Without limiting the generality of the foregoing, during the Executory Period, Seller shall not, without the prior written consent of Buyer, (a) take any action that would result in any of the representations and warranties of Seller set forth in this Agreement becoming untrue or in any of the conditions precedent to Buyer's obligations at Closing not being satisfied, or (b) take or cause to occur any of the actions or transactions described in Section 6.4.

10.4 Employees of Purchased Businesses. Buyer shall have the right, but not the obligation, to solicit the employment of and hire any employee of Seller who provides services for the Purchased Businesses, provided that Buyer agrees to (i) give such employee credit for "service time" accrued while such employee is an employee of Seller, and (ii) assume liability for all accrued and unpaid benefits, including paid time off, with respect to such employee. Seller represents and warrants to Buyer that the employee list provided by Seller to Buyer contains a complete and accurate list of Seller's current employees.

10.5 Access to Books and Records. During the Executory Period, Seller shall permit Buyer and its consultants and professional advisors to conduct, and reasonably assist Buyer and its consultants and professional advisors in the conduct of, a full and complete investigation of Seller's books and records relating to the Purchased Businesses and the Purchased Business

Assets including, but not limited to, a review of all contracts, technology, inventory, equipment, technical materials and customer records relating to the Purchased Business Assets, and reasonable, non-disruptive access to, and communications with, current employees of Seller (the "Investigation"). The Investigation shall be conducted during normal business hours. Buyer shall keep confidential, and shall require each of its consultants and professional advisors to keep confidential, all information regarding Seller obtained by Buyer in connection with the Investigation.

10.6 Advice of Changes. During the Executory Period, Seller shall advise Buyer of any change, event or circumstance having, or that could have, a Material Adverse Effect or that could impair (negatively or positively) Seller's financial projections or forecasts.

10.7 Efforts to Consummate Transactions. Each party shall take all actions reasonably necessary (a) to comply promptly with all legal requirements that may be imposed on such party with respect to this Agreement or the transactions contemplated by this Agreement, and (b) to cooperate with and furnish information to the other party in connection with any such requirements imposed upon such other party. Each party shall take all actions reasonably necessary: (a) to obtain (and shall take all reasonable actions necessary to promptly cooperate with the other party or parties in obtaining) any consent, authorization, order or approval of, or any exemption by, any governmental authority, or other third party, required to be obtained or made by such party (or by the other party or parties) in connection with this Agreement or the transactions contemplated by this Agreement; (b) to defend, lift, rescind or mitigate the effect of any lawsuit, order, injunction or other action adversely affecting the ability of such party to consummate the transactions contemplated by this Agreement; (c) to fulfill all conditions precedent applicable to such party pursuant to this Agreement; and (d) to consummate and make effective the transactions contemplated by this Agreement as soon as reasonably practicable.

10.8 Use of Funds. All funds received by Seller during the Executory Period from the collection of accounts receivable arising from or relating to the operation of the Purchased Businesses have been and shall continue to be used solely to reduce the Assumed Business Liabilities.

10.9 Provision of Intrastate Operator Services. Between the Initial Closing Date and the Closing Date for each specific intrastate operator services operation of Seller, Buyer shall provide to Seller the services of sufficient employees of Buyer to perform all operator services for that specific intrastate operator services operation. Seller shall pay to Buyer, as consideration for the provision of such employees' services, all fees and other funds received by Seller for or in connection with intrastate operator services performed by such employees between the Initial Closing Date and the applicable Closing Dates.

10.10 Buyer Employee Services. Buyer will reimburse Seller for all salary, benefits and payroll taxes incurred by Seller between the Initial Closing Date and February 29, 2004 with respect to its employees presently serving the Purchased Businesses. In consideration for such reimbursement, Seller shall make the services of such employees available to Buyer in connection with Buyer's operation of the Purchased Businesses. Buyer shall have the right to use the services of such employees, among other things, to provide intrastate operator services pursuant to Section 10.9. In elaboration, and not by way of limitation, of Section 10.4, Buyer

shall have the right to interview any or all such employees and decide, in its sole and absolute discretion, which employees, if any, will receive offers of employment with Buyer.

10.11 Transfer of Funds; Lockbox Access; Power of Attorney. Seller shall promptly transfer to Buyer all funds received by Seller after the Closing for or in connection with products or services furnished by the Purchased Businesses before or after the Closing. After the Initial Closing Date, Seller shall grant Buyer access to Seller's lockbox for purposes of collecting such funds. Seller hereby irrevocably grants to Buyer a power of attorney, which the parties agree is coupled with an interest, to endorse any checks or other instruments received by Buyer as necessary to effect the transfer of any such funds to Buyer.

10.12 Communication with Vendors and Customers. After the Closing, Seller shall cooperate with Buyer, and provide all reasonable assistance to Buyer, in communicating with Seller's vendors and customers regarding the assignment and transition of Seller's agreements, arrangements and relationships with such parties to Buyer.

10.13 Further Assurances; Cooperation. In addition to those obligations of the parties specifically enumerated in this Agreement, each party shall (a) execute such documents and other papers, and (b) take such further actions and provide such cooperation and assistance to the other party as may be reasonably required, appropriate or desirable to carry out the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement.

11. RESTRICTIVE COVENANTS

11.1 Confidential Information. From and after the Initial Closing Date, Seller shall not, directly or indirectly, use or disclose to any third party any of the Proprietary or Confidential Information of Seller relating to the Purchased Businesses or the Purchased Business Assets, except when, after and only to the extent that (a) such Proprietary or Confidential Information is or becomes generally available to the public through no fault of Seller, or (b) disclosure of such Proprietary or Confidential Information is required by court order or applicable Law. As used herein, "Proprietary or Confidential Information of Seller relating to the Purchased Businesses or the Purchased Business Assets" shall include all information of Seller relating to the Purchased Businesses or the Purchased Business Assets (including, but not limited to, present or prospective market, sales, product, customer and referral source information; prices and pricing structures; contractual arrangements; operating information, policies, procedures and practices; financial information; product and process knowledge; cost and supplier information; personnel data; and any strategy or plans related to any of the foregoing) that has not been generally available or disclosed to the public by Seller.

11.2 Non-Solicitation. For three (3) years from and after the Initial Closing Date, Seller shall not:

- (a) directly or indirectly, hire, offer to hire or entice away any officer, employee or agent of Buyer (including, but not limited to, any former officer, employee or agent of a Purchased Business offered employment by Buyer) or in any other manner persuade or attempt to persuade or induce, and such person to leave his or her

employment with Buyer or otherwise discontinue his or her relationship with Buyer; provided, however, that nothing in this **Section 11.2** shall prohibit Seller from hiring any such persons if (i) such employment results from solicitations placed in general circulation, trade or industry publications or other media or with placement agencies, and (ii) such solicitations are not specifically targeted at Buyer's employees; or

(b) directly or indirectly solicit, divert or take away, or attempt to solicit, divert or take away, (i) any business or customers that Seller had enjoyed or solicited in connection with the Purchased Businesses prior to the Closing, or (ii) any business or customers that Buyer may enjoy or solicit in connection with the Purchased Businesses after the Closing.

Without limiting the generality of this **Section 11.2**, the parties expressly acknowledge and agree that it shall be a breach of this **Section 11.2** for Seller to in any way assist any business associate or any other Person to engage in any activity that is prohibited by this **Section 11.2**.

11.3 Non-Competition. In consideration of Buyer's agreement to purchase the Purchased Business Assets pursuant to the terms and conditions of this Agreement, and for other good and valuable consideration, Seller hereby represents, warrants, covenants and agrees that, for three (3) years from and after the Initial Closing Date, Seller shall not, directly or indirectly, engage or participate in any business activity or enterprise that directly competes with one or more of the Purchased Businesses (the "Covenant Not to Compete"). Without limiting the generality of this **Section 11.3**, the parties expressly understand and agree that it shall be a breach of the Covenant Not to Compete for Seller to in any way assist any business associate or any other Person to engage in any activity that is prohibited by this **Section 11.3**. Seller acknowledges and agrees that the Covenant Not to Compete is a material inducement for, and a condition precedent to, Buyer's entering into this Agreement and that Buyer is specifically relying on such Covenant Not to Compete in entering into and performing its obligations under this Agreement. Notwithstanding anything to the contrary contained in this **Section 11.3**, Seller shall not be deemed to be in breach of the Covenant Not to Compete solely by reason of owning less than one percent (1%) of the shares of any company traded on a national securities exchange or in the over-the-counter market.

11.4 Injunctive Relief. Seller acknowledges and agrees that the remedy at Law for any breach of its obligations under this **Section 11** will be inadequate and that in addition to any other rights and remedies to which Buyer may be entitled under this Agreement, at law or in equity, Buyer shall be entitled to injunctive relief, and reimbursement for all reasonable attorneys' fees and other expenses incurred, in connection with the enforcement of such obligations.

12. NOTICES

Any notice or other communication required or permitted to be provided under this Agreement shall be in writing and shall be delivered by personal delivery, overnight courier service or certified mail, return receipt requested, to the applicable party at the following address (or to such other address as such party may designate by notice given in accordance with this **Section 12**):

If to Buyer:

Andiamo Telecom, L.L.C.
c/o Brown & Bain, P.A.
2901 North Central Avenue, Suite 2000
Phoenix, Arizona 85012
Attn.: Ronald E. Lowe, Esq.

If to Seller:

Dancris Telecom, L.L.C.
c/o Jeffrey S. Kaufman, Esq.
5725 North Scottsdale Road, Suite 190
Scottsdale, Arizona 85250

13. GENERAL

13.1 Binding Effect; Assignments. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives. Buyer may transfer its rights and obligations under this Agreement to any entity that survives Buyer's acquisition by a merger or consolidation or that purchases all or substantially all of Buyer's assets. No party may make any other assignment of rights or obligations under this Agreement for any reason without the express written consent of the other party.

13.2 Entire Agreement. This Agreement, including all Schedules and Exhibits thereto, and the Closing Documents contain the entire agreement between the parties with respect to the transactions contemplated by this Agreement, and there are no other agreements or understandings, express or implied, between the parties.

13.3 Governing Law; Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the Laws of the State of Arizona without regard to conflict of laws principles. The parties hereby consent and submit to the jurisdiction and venue of any federal, state or local court located in Maricopa County, Arizona.

13.4 Headings. The headings in this Agreement are included for reference only and shall not affect the interpretation of this Agreement.

13.5 Severability. The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if any invalid or unenforceable provision was omitted.

13.6 Waivers and Amendments. This Agreement may be amended, superseded, cancelled, renewed or extended, and its terms may be waived, only by a written instrument signed by both parties or, in the case of a waiver, by the party waiving compliance.

13.7 Counterparts. This Agreement may be executed in any number of counterparts by original or facsimile signature, each such counterpart shall be an original instrument and all such counterparts together shall constitute one and the same agreement.

13.8 No Third-Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any Person other than the parties and

the respective successors or assigns of the parties, any rights, remedies, obligations or liabilities whatsoever.

13.9 Interpretation. This Agreement has been negotiated between the parties and shall not be deemed to be drafted by, or the product of, either party. As such, this Agreement shall not be interpreted in favor of, or against, either party.

13.10 No Joint Venture. Neither party shall make any warranties or representations, or assume or create any obligations, on the other party's behalf except as may be expressly permitted hereunder or in writing by such other party. Each party hereto shall be solely responsible for the actions of all its respective employees, agents and representatives.

13.11 Survival. The provisions of Sections 1, 6, 7, 8, 9, 10.1, 10.4, 10.9, 10.10, 10.11, 10.12, 10.13, 11, 12, 13.1, 13.3, 13.5, 13.6, 13.8, 13.9, 13.10 and 13.11 shall survive the Closing and the consummation of the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf as of the day and year first above written.

BUYER:

ANDIAMO TELECOM, L.L.C.

By: 

Title: Vice President

SELLER:

DANCRIS TELECOM, L.L.C.

By: 

Title: Manager

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SCHEDULE A

CUSTOMER SECURITY DEPOSITS

1. Customer Deposits of Long Distance customers totaling approximately \$8,250.00
2. Customer Deposits of Operator Service customers totaling approximately \$750.00
3. Customer Deposits of Prepaid Calling Card customers totaling approximately \$45,752.25
(see below)

<u>Customer</u>	<u>Account #</u>	<u>Amount</u>
Ramz	50-164	\$1,000.00
A2K/(old. Comtel)	50-165	\$5,000.00
Mar Communication	50-111	\$27,452.25
Phone Card Hotline	50-017	\$2,500.00
Tele-Discount	50-019	\$5,000.00
PT1	50-023	\$1,000.00
Merito Telecom	50-32	\$2,000.00
Universal Solutions	50-36	\$300.00
Clear Signal	50-44	\$1,500.00
TOTAL		\$45,752.25

SCHEDULE B(1)

ACCOUNTS PAYABLE

VENDOR NUMBER	NAME	INVOICE BALANCE
AMEDISC		7.04
AMEXFIN	American Express Business	791.20
AYERSLW	Ayres Hotel - Laguna Wood	.30
AZDIAL1	AZ Dialtone - AZ (#8173B0	.26
AZDIAL4	AZ Dialtone - AZ (#8173D6	82.09
CCN	Custom Communications Net	1,239.90
CITYSAN	City of Santa Monica	94.00
COPIERB	The Copier Brothers	80.66
COUNTRY	Country Inn by Ayres	.23
CYBERLO	Cyberlog Services, Inc.	22,249.76
DAYS MOR	Days Inn - Morro Bay	.53
DELLFIN	DELL FINANCIAL SERVICES -	426.26
ESCHEL1	Eschelon (#1411D6798UNEP)	528.45
ESCHEL4	Eschelon (#1411D6798UPIC)	108.42
ESCHEL5	Eschelon (#1411D6798FPIC)	77.84
ESCHEL6	Eschelon (#1411D6798FAC)	19.68
EXHIBSW	Exhibits Southwest	685.77
FEDEX	Federal Express (#2269147	110.95
GLOB041	Global (#0204485041-GCE2)	230.00
GLOB099	Global (#0203291099-GCA2)	285,000.00
GLOB444	Global (#0204455444) GCD	286,000.00
GLOB445	Global (#0204455445-GCC2)	300.00
GRAPHI1	Graphic Pac, Inc	2,660.00
HABLACO	Habla Comm (Marty Lopez)	7.27
IFS	Information Formatting Se	3,454.28
INTEGRA	Integrated Mechanical Sys	265.00
INTELEC	Intele-Card News Expo, In	2,987.50
ITOUCH	iTouchPoint Technologies	1,162.96
ITXC156	ITXC Corp. (#300156) Prep	11,521.47
ITXC159	ITXC Corp. (#300159) Whol	118,220.59
LATAXCO	Los Angeles County Tax	13,458.08
LAWRYLE	Ryley, Carlock & Applewhi	4,273.67
LAWVARG	Jones Vargas	15.00
MARICOP	Maricopa County Treasurer	9,052.74
MCI435M	MCI Metro (#435 MUZ-66067	15.23
MCLEOD2	McLeod USA (#72700766BO)	.01
MCNICO	Action Janitorial Service	807.24
NACT	Verso Technologies	65,000.00
PAC7838	PAC-WEST Telecomm, Inc.	4,000.00
QUALNET	Qualnet	18.42
QWE0120	Qwest (# 602 R04-4120 120	2,365.45
QWE2122	Qwest (# 602 R04-4122 122	15,668.65
QWE4204	Qwest (602 R04-0204 204)	32.82
QWE5005	Qwest (# 602 D08-5005-005	920.00
QWE5036	Qwest (# 602 R02-0035 036	190.51
QWE7017	Qwest (# 602 R74-3017 017	63.05
RYBIN	Nikolay Rybin	.81
SHREDIT	Shred-It Arizona	213.00
SPECTRU	Spectrum Mechanical, Inc.	1,285.17
SPRINT	Sprint (#350147730)	126,990.87
STAPLES	Staples Business Adv (142	30.28
TECHMAN	Technologies Mgt Inc (#50	1,014.74
USAC	Universal Service Admin.	61,381.84
USPOST1	Reserve Account	5,500.00
VILLGRE	Village Green Resort	.91
VIRGO	Virgo Publishing	1,400.00

TOTAL: 1,052,033.03

SCHEDULE B(2)

ACCOUNTS PAYABLE

A+ Conferencing
Action Janitorial Services
AFLAC
Alpha Graphics
American Express
American Express Business Fina
American Temps
AZ Dialtone - AZ
AZ. Accounting & Info. Systems
Biltmore Camelback I, LLC
Carlyle One Wilshire, LLC.
Carrier Services
Citi Cards
ClassicSoft, LLC
CNM Networks, inc.
Contact Center
CopyFast Printing
Critical Path
Crystal Springs Water Company
Dell Financial Services
Direct Shred
Dolezal Family Ltd. Partnership
Electric Lightwave
Eschelon Telecom
Exhibitcorp
Federal Express
Florida Public Service Commiss
Global Crossing
Grande Communications Ntwks
Graphic Pac, Inc
Great West Life & Annuity
Headsets & Phones
IKON Office Solutions
Illuminet
Information Formatting Service
Intele-Card News Expo, Inc.
iTouchPoint Technologies
ITXC Corp
Level 3 Communications
Merchants Info. Solutions, Inc
Mountain Telecomm
NACM Southwest

Neopost Leasing
NeuStar, Inc.
North Carolina Utilites
PAC-WEST Telecomm, Inc.
PG&E
PICS Telecom Corporation
Pioneer Capital Corp.
Public Regulation Commission
Rahdert, Steele, Bryan
RAS Associates L.L.C.
Ryley, Carlock & Applewhite
Saddleback Communications
Safeguard Business Systems
San Luis Obispo County Tax
Shred-It Arizona
Shurguard Storage
Sierra Springs
SLO County Newspaper
SMS/800 Mgt Team
Sola2000 Comm, Inc
Sprint
Sprint Corp
Staples Business Adv
Storamerica-Scottsdale
Systems One
Table Top Telephone Co.
TCAST Communications
Technologies Mgt Inc
Telcordia Technologies
The Ashland Media Group
The Copier Brothers
The Fix Network
The Gas Company
The Hartford
Time Warner Co
Touch Tone Telecom, Inc.
Transaction Network Services
Uline
Universal Service Admin. Co.
UNUM Life Insurance
US Postal Service
Verizon



Verizon Wirless
Verso Technologies
Virgo Publishing
Vision Leasing Inc

VoiceLog
WebTel



SCHEDULE C
REAL PROPERTY LEASES

<u>Lessor</u>	<u>Premises</u>	<u>Date</u>	<u>Lease Term</u>	<u>Monthly Payment</u>
Dolezal Family LP	San Luis Obispo, CA	May 2001	3 years	\$13,948.88
Wilson Properties	Scottsdale, AZ	January 2000	through November 2006	\$10,724.44
Carlyle One Wilshire	Los Angeles, CA	August 2001	through October 2014	\$12,054.64

SCHEDULE D

PERSONAL PROPERTY LEASES

<u>Financing Company</u>	<u>Equipment</u>	<u>Date</u>	<u>Amount Financed</u>	<u>Lease Term</u>	<u>Monthly Payment</u>
American Express	Toshiba Copier	September 2003	\$19,828.77	3 years	\$579.00
Dell Financial Svcs	Cisco Router	August 2003	\$12,037.00	3 years	\$395.79
Neopost	Postage Meter	June 2001	\$5,998.00	5 years	\$229.42
Pioneer Capital (Silo)	Cisco Router	January 2003	\$41,990.21	3 years	\$1,418.71

SCHEDULE E

ACCOUNTS RECEIVABLE

1. Accounts Receivable as of the Schedules Date relating to Telephone Operator Services:

<u>Customer</u>	<u>Amount</u>
ILD	\$280,491.86
Monthly Customers	598,587.18
ATMC	11,934.32
Express Rewards	58.63
Pac West	341.99
ABMS, LLC	23.23
Double R Records	408.50
O'Brien Industries/Gateway	24,413.35
Peak Communications	<u>27.15</u>
Total	<u>\$317,699.03</u>

2. Accounts Receivable as of the Schedules Date relating to Prepaid Calling Cards:

<u>Customer #</u>	<u>Customer Name</u>	<u>Amount</u>
50-0000156	9278	\$ 123.17
50-0000165	A2K Comm-Usage	4,110.85
50-0000041	Arizona Dialtone, Inc.	152.40
50-0000178	ATI/Howard Carson	6.26
50-0000013	Best Telecom, Inc.	9,067.30
50-0000187	BLACKSTONE	14,146.59
50-0000044	Clearsignal Comm. - Usage	92.30
50-0000201	Easy Telecom	241,895.00
50-0000051	Easy Telecom - Usage	4,464.00
50-0000167	Gecko Communications	17,742.90
50-0000049	International Marketing Comm.	1,300.00
50-0000198	Judy Weldon	146.25
50-0000145	LGIT	12,223.44
50-0000111	Mar Comm. - Usage	57,669.19
50-0000032	Merito Telecom, LLC	1,182.60
50-0000034	Nathtel, Inc.	13.00
50-0000017	PC HOTLINE	935.00
50-0000191	Prepaid Phone Card Exp.-Usage	4,191.40
50-0000164	Ramz Telecom	42.25
50-0000188	Romano's Marketing	620.00
50-0000046	Searching Telecommunication	555.75
50-0000039	Tahoetel, Inc. - Usage	6.75
50-0000205	TeleDiscount Company - Terms	6,525.00

<u>Customer #</u>	<u>Customer Name</u>	<u>Amount</u>
50-0000209	Telscape Comm. - Usage	649.35
50-0000050	The Calling Cards.Com, Inc.	2,886.00
50-0000042	Transcontinental Technologies	315.00
50-0000026	Tuan Nguyen	6,300.00
50-0000036	Universal Solutions, Inc.	0.04
	Total	<u>\$396,361.79</u>

SCHEDULE F

FIXED ASSETS

Description of Property		Vender/Supplier	Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Furniture & Fixtures					
	Pre 1997 Purchases			20,867.49	20,867.49
x	Desk	Reconditioned Systems Inc	7/31/97	384.22	384.22
x	3 Multi-Task Chair - Grey #2 no arms	Officeland/Computer Supply	8/4/97	395.03	395.03
		Jeffery Kaufman LTD	10/31/97	500.00	500.00
		Charles Hogarty	6/12/98	1,438.48	1,397.38
		Darcomm	10/15/98	2,348.00	2,280.91
x	Office Cubicles	Office Warehouse	10/10/98	3,953.52	3,840.56
x	1 Black exec chair/3k3060 desk	Office Warehouse	10/10/98	233.58	226.91
x	3 Multi-Task Chair - Lt Grey #2 no arms	Officeland/Computer Supply	10/2/98	370.27	359.69
x	3 Multi-Task Chair - Lt Grey #2 no arms	Offland	10/14/98	370.27	359.69
x	2 5-drawer lateral file cabinets/charcoal	Offland	11/9/98	1,371.54	1,332.35
		Walsh Brothers	2/25/99	2,512.16	1,937.95
	6 Desks/tables	D&R Office	3/15/00	3,644.67	2,367.93
	Printer - Jarin	DTP Dir	3/31/00	1,368.00	888.79
x	Accounting Office cubicles	AMG Office Furniture	5/31/00	4,955.42	3,101.50
		Paul Emmons	6/20/00	101.72	62.45
	2 office cubicles	Goodman	10/25/00	5,066.65	2,869.44
x	Office Furniture & Fixures - See list	Onvia	5/9/01	11,000.00	4,190.79
		Goodman	5/14/01	226.00	86.10
	2 desks/3 lateral file/2 bookcases	AZ Office Liquidators & Design	6/14/01	2,471.06	912.00
	1 desk/3 bookcases/1 2dr lateral file	AZ Office Liquidators & Design	6/26/01	1,142.40	421.63
	Lateral files	AZ Office Liquidators & Design	7/26/01	558.77	199.57
	Lateral files	AZ Office Liquidators & Design	8/2/01	558.77	192.92
	Furniture-Wholesale	RSL Com USA	8/1/01	18,000.00	6,214.61
		AZ Office Liquidators & Design	9/30/01	299.38	96.23
Total Furniture & Fixtures				84,137.40	55,486.14
Office Equipment					
x	Lexmark fax machine/laser printer	Mycro Technologies/S. Myers	4/16/98	1,000.00	1,000.00
x	Generator-5kw	Grainger	11/12/99	909.55	909.55
	Refrigerator		1/31/00	1,122.29	755.88
	Toshiba Copier		3/15/00	1,285.20	1,118.98
x	2 Cisco 24-Port 10/100 swit.ent	Somera Communications	1/26/01	2,830.00	2,377.20
	Neopost Postage Meter - Lease		5/16/01	5,998.00	4,638.45
	Printers/Fax/Copier/Shredder/Headsets - SLO	Dolezal	7/11/01	3,150.00	2,331.00
	Copier		7/20/01	1,189.10	879.93
	Copier		7/20/01	3,664.59	2,711.80
Total Office Equipment				21,148.73	16,722.79

Description of Property		Vender/Supplier	Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Computer Equipment & Hardware					
	Pre 1997 Purchases		Various	59,829.09	59,829.09
x	8-Port 100TX Hub	SVC Computer Corp	3/14/97	569.70	569.70
	Computer Equipment	CITAAD	5/31/97	9,473.26	9,473.26
		American Express	9/30/97	1,500.00	1,500.00
			10/8/97	600.00	600.00
		AmericanExpress	10/24/97	1,916.96	1,916.96
		Canyon	3/31/98	449.70	449.70
		Insight	3/31/98	1,265.98	1,265.98
x	Computer Hardware	Charles Hogarty/Alliance	3/30/98	1,684.37	1,684.37
		Insight	4/29/98	1,315.00	1,315.00
x	Computer Hardware	Insight	4/24/98	366.00	366.00
x	Toshiba Computer/Viewtronics monitor	Insight	4/24/98	1,324.99	1,324.99
x	Computer Hardware	Insight	4/25/98	85.00	85.00
		Insight	5/22/98	94.50	94.50
		Insight	7/1/98	817.00	817.00
x	Computer Hardware	Alliance Comtech, Inc	8/17/98	766.44	766.44
		Information Solutions	8/29/98	300.00	300.00
x	Computer Hardware	Michael Rawls/Reimb	9/24/98	964.66	964.66
		Citibank	9/30/98	760.69	760.69
		Insight	9/30/98	561.98	561.98
		Citibank	10/30/98	1,067.71	1,067.71
x	Computer Hardware	Insight	10/31/98	965.00	965.00
		Information Solutions	11/6/98	3,553.45	2,842.76
x	Housing Frame for servers	Pairstate Data Cable Products	11/18/98	1,508.00	1,508.00
x	Computer Hardware	Insight	12/30/98	703.23	703.23
x	Computer/Monitor - Sean	Royal Computer Inc.	1/22/99	1,388.00	1,388.00
		American Express	1/28/99	759.00	759.00
x	LaserJet 4000	Information solutions inc	2/27/99	1,312.57	787.54
x	Computer Hardware - Internet	Insight	3/29/99	628.84	628.84
x	Computer Hardware - Internet	Insight	3/30/99	252.39	252.39
		Insight	5/31/99	899.00	899.00
x	Air Conditioner for Server Room	Arizona Trane Parts Center	8/2/99	2,504.17	2,504.17
x	Computer Hardware	Connect U Computer Service	9/3/99	687.40	687.40
x	Web Server	Arizona Trane Parts Center	6/1/99	957.06	957.06
x	Computer Hardware	Connect U Computer Service	7/9/99	709.80	709.80
x	Desktop Computer/P-II 450 mhz/128mb	Advanced Computer Design	9/15/99	1,125.14	1,125.14
		Insight	9/28/99	838.99	838.99
		American Express	10/31/99	4,632.99	4,632.99
	New Computers	Citibank	12/31/99	1,442.52	1,442.52
x	Computer Hardware	Alliance ComTech Inc	1/3/00	1,695.20	1,532.46
		Insight	1/31/00	1,084.36	980.26
	Computer For Billing	Insight	3/31/00	1,317.44	1,147.05
	Partial Multiwave	Citibank	4/30/00	1,599.20	1,365.72
		Joseph Rao	9/29/00	3,110.55	2,397.20
	2 new office monitors	Insight	9/30/00	386.62	297.96
		Insight	9/30/00	1,873.58	1,443.91
x	Computer Hardware	Technology Partners Inc.	10/10/00	4,208.00	3,172.83
	Equipment for Internet	Technology Partners Inc.	11/21/00	3,019.00	2,226.01
x	Computer Hardware	Technology Partners Inc.	11/30/00	3,364.50	2,480.76
x	3 Computer Systems	Technology Partners Inc.	12/21/00	2,786.00	2,007.78

				Accum. Depr.
Description of Property	Vender/Supplier	Date Placed In Service	Cost or other Basis	As of 12/31/03
x Computer System	PC Zone	1/10/01	2,238.34	1,880.21
x 3 Computer Systems	Tecknology Partners	1/19/01	2,295.50	1,928.22
x 4 Computer Desktops	Tecknology Partners	2/9/01	3,722.00	3,064.45
x 5 Laptops	PC Zone	2/25/01	4,821.97	3,970.09
x 4 IBM 36BG U160 SCSI HDD	Information solutions inc	2/28/01	2,304.76	1,897.59
x Computer Hardware	Information solutions inc	2/28/01	12,900.90	10,621.74
x 2 Computer Systems (Collections/Cust Sev)	Information solutions inc	2/28/01	3,639.73	2,996.71
x Mitsubishi Data Projector 1000L	Information solutions inc	2/28/01	2,994.00	2,465.06
x Computer Hardware	Information solutions inc	2/28/01	1,275.42	1,050.10
x Inter OEM KOA Server/Major/Minor (RT Logger/Cetral/Sql servers)	Information solutions inc	3/10/01	35,966.37	29,012.87
x Computer System	PC Zone	3/31/01	1,767.07	1,425.44
x 2 Workstations	Information solutions inc	4/1/01	2,072.19	1,637.03
x 3 Workstations	Information solutions inc	4/2/01	3,171.73	2,505.67
x Computer System	PC Zone	4/10/01	1,341.48	1,059.77
x 3 512mb memory Mod ECC	Information solutions inc	4/15/01	1,041.01	822.40
x 5 IBM 18gb SCSI U160/Controller/Carrier	Information solutions inc	4/20/01	2,911.03	2,299.71
x 4 Dell/6 Compaq Servers	Onvia	5/9/01	12,750.00	9,860.00
x 3 Cisco 24-Port 10/100 swit.ent 2924XL	Onvia	5/9/01	600.00	464.00
x 2 APC 19" Enclosures - White with door	Onvia	5/9/01	200.00	154.67
x Belkin Switch Box - 4 port with cables	Onvia	05/09/01	10.00	7.73
x Belkin Switch Box - 8 port with cables	Onvia	05/09/01	25.00	19.33
x 2 Belkin Switch Boxes - 16 port with cables	Onvia	05/09/01	100.00	77.33
x 2 19" APC Enclosures	Onvia	05/09/01	200.00	154.67
x Brooktrout 4 port fax card/HP jet direct mdl 170x	Information solutions inc	05/12/01	2,682.49	2,074.46
Internet Router-SLO Office	Network	05/01/01	2,929.99	2,265.86
x 4 Computer Systems	Information solutions inc	05/20/01	3,909.15	3,023.08
	Network	05/31/01	2,897.95	2,241.08
1 Computer System w/monitor	Information solutions inc	06/11/01	1,023.08	774.13
2 computer systems	Information solutions inc	06/11/01	1,469.00	1,111.54
Laptop for Jack Kelly	MZI Mac Zone	06/30/01	1,199.98	907.98
		07/11/01	11,900.00	8,806.00
	Information solutions inc	07/20/01	6,252.95	4,627.18
Back up system for Server Room-Labor	Gruber	7/20/01	2,069.92	1,531.74
Back up system for Server Room	Gruber	7/20/01	8,929.63	6,607.93
	Information solutions inc	07/31/01	2,854.75	2,112.51
	Information solutions inc	07/31/01	614.00	454.36
	Information solutions inc	07/31/01	1,094.46	809.90
	Information solutions inc	07/31/01	31,360.94	23,207.10
Computer Equipment-Wholesale	RSL Com USA	08/01/01	25,000.00	18,083.33
RDT2000 Ethernet/Module & Connectors	SLO-time clock	9/1/01	2,311.40	1,633.39
	Insight	09/18/01	1,303.51	921.15
	Information solutions inc	09/21/01	6,250.44	4,416.98
Computer Equipment-Corporate 10/01	Information solutions inc	10/31/01	31,554.22	21,772.41
	Information solutions inc	11/27/01	1,118.29	752.98
wan router equipment & upgrade	Information solutions inc	11/30/01	9,200.00	6,194.67
	Information solutions inc	12/19/01	2,024.76	1,329.59
Backup System/11 Cart Auto Loader/11 Slot Mag /20 LTO Media	Information Solutions Inc.	05/15/02	15,088.77	4,778.11
4 Seagate 73gh fiber 10K hard drives for Cadebill upgrade	Information Solutions Inc.	06/18/02	4,208.91	1,262.67
Card Printing System - LD Travel Cards - Pam's group	American Barcode	07/31/02	2,838.23	1,262.67
Dell Server	Dell	08/01/03	12,037.00	351.20

Description of Property		Vender/Supplier	Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Disposition or Corrections					
	Information Solutions	11/06/98	(3,553.45)		
Stolen Computers			(2,102.50)		
			(1,312.57)		
1 19" APC Enclosures - sold for \$250.00	Onvia	06/25/01	(100.00)		
Total Computer Equipment & Hardware				420,528.83	331,185.59
Computer Software & Licenses					
Pre 1997 Purchases				10,035.55	10,035.55
Pro Billing System	Systems One	01/31/99	38,316.22		36,170.51
	MBNA	10/28/99	7,111.71		6,713.45
Pro Billing System upgrade	Systems One	10/31/99	25,395.28		23,973.14
Office Pro/Windows Pro,Svr 2000,Visio,Exchnage	Insight	2/13/01	1,603.41		1,024.40
Wise for Windows	Insight	2/14/01	786.70		502.61
PROIV runtime users-additional	Systems One	6/1/01	9,945.00		5,248.75
Backoffice Server 2000	Insight	6/11/01	3,459.99		1,826.11
OfficePro/Project 2000	Insight	6/21/01	1,975.93		1,042.82
Upgrade Accounting Software-Mas200	ESC	7/12/01	25,314.40		12,657.20
Cabo On-Line System-SLO-OS	Omnilogig	7/31/01	13,200.00		6,600.00
74 Windows 2000 Pro Full Retail License	Insight	8/6/01	18,619.05		8,792.33
220 Windows Trmnl Svcs Cal Open Business License	Insight	8/28/01	1,520.39		717.96
74 Office XP PRO Open Business License	Insight	8/28/01	29,368.23		13,868.33
74 Backoffice 2000 Cal Open Business License	Insight	8/28/01	15,135.96		7,147.54
Cyberlog Software	Cyberlog LTD	9/30/01	70,000.00		31,111.11
Madifications/license/install & upgrade	Information Solutions	12/26/01	16,096.25		5,812.53
PPCC E-Commerce website	G-Technology/Yuke	8/1/02	49,500.00		16,500.00
Cyberlog Credit Card Validation Software	Cyberlog	2/28/03	27,120.00		8,286.67
PROIV SQL Conversion	PRO IV	5/1/03	65,949.00		14,655.33
Total Computer Software & Licenses				430,453.07	212,686.34
Internet Equipment					
Pre 1997 Purchases		Various		112,668.63	112,668.63
	Citibank Advantage	1/27/97	3,604.36		3,604.36
x 3 DA56 DDS 56K Sync Modem	Darcom	1/27/97	600.00		600.00
x Router	Gerald Keyser	2/6/97	1,000.00		1,000.00
	American Express	2/12/97	8,551.00		8,551.00
x Internet Equipment	Frank Laczko Jr.	2/26/97	6,650.00		6,650.00
16-port 10bt Hub/3com 3c905-TX PCI 10/100	SVEC America Computer	3/4/97	676.06		676.06
	American Express	3/11/97	7,255.50		7,255.50
	Darcom	3/12/97	225.00		225.00
	Continental Computer Supplies	3/12/97	2,840.80		2,840.80
x Robotics 56K Frad	CIS Computer Corporation	3/19/97	589.33		589.33
x Lemod-2E-10A	Capella Worldwide Networking	3/27/97	581.00		581.00
	American Express	4/15/97	9,241.79		9,241.79

			Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Description of Property		Vender/Supplier			
		Capella Worldwide Networking	4/24/97	1,386.00	1,386.00
		American Express	7/28/97	1,181.00	1,181.00
		Paul Bowers	8/8/97	800.00	800.00
			8/18/97	1,350.00	1,350.00
		Stan Myers	10/7/97	600.00	600.00
x	2 PM3s/5 56k Modems	Livingston Enterprises	1/15/98	13,357.58	5,343.03
	Spark Server Station		1/20/98	13,247.28	13,247.28
		Beads and Sala	2/27/98	2,000.00	2,000.00
x	Cisco 2501 Router-2 serial/1 ethernet	High Point Solutions	4/23/98	1,336.80	1,336.80
		Insight	4/30/98	62.96	62.96
x	2 Prelude Encore T1 DSU/CSU	Darcomm	5/13/98	1,412.00	1,412.00
		Charles Hogarty	6/12/98	776.15	776.15
		Stan Myers	7/8/98	268.33	268.33
		Alliance	8/11/98	608.37	608.37
		Hogarty	8/28/98	309.34	309.34
		Citibank	9/30/98	6,790.05	6,790.05
		Darcomm	10/15/98	2,348.00	2,348.00
x	Cisco 7000 Router	Digital Resources Inc	12/11/98	9,800.00	9,800.00
x	HP Surestore Dat24 DDS-3 SCSI	Insigh	12/11/98	957.19	957.19
		Michraw	2/10/99	278.07	278.07
		MBNA	2/28/99	5,042.81	5,042.81
x	2 Cisco 25xx Routers	Digital Resources Inc	6/2/99	2,200.00	2,200.00
x	4 Prelude Encore T1 DSU/CSU	Darcom	6/25/99	2,140.00	2,140.00
x	Cisco 700 Spare Parts (Sp & RP64)	Digital Resources Inc	8/23/99	3,500.00	3,500.00
		Digital Resources Inc	8/26/99	4,235.00	4,235.00
x	Digital Link Prelude T1 DSU	Crystal Beacon Technology	9/28/99	646.00	646.00
x	Cisco 1005 Routers	Digital Resources Inc	9/29/99	1,100.00	1,100.00
x	Kentrox Shelf/CSU/DSU T1 for Scottsdale & LA	Digital Resources Inc	11/4/99	8,200.00	8,200.00
x	Prelude Encore T1 DSU/CSU	Darcom	11/8/99	580.00	580.00
x	Cisco 1005 Router/cables	Digital Resources Inc	1/7/00	1,116.25	1,009.09
x	Muxe DSE Panels/Muxes-Telpro	Digital Resources Inc	1/17/00	15,436.54	13,954.63
	Cisco8140	Digital Resources Inc	8/14/00	1,275.00	1,003.85
x	DSXPanel	Digital Resources Inc	8/30/00	1,900.00	1,495.93
x	Scottsdale Router	Digital Resources Inc	9/8/00	19,584.00	15,092.74
x	California Router	Digital Resources Inc	9/8/00	11,792.00	9,087.70
		Darcom	9/30/00	6,834.15	5,266.85
x	Multiplexer- Refurbished Nec RC-28d	Digital Resources Inc	10/11/00	4,300.00	3,242.20
		Digital Resources Inc	10/16/00	1,400.00	1,055.60
		Digital Resources Inc	10/19/00	1,576.00	1,188.30
	Wbsfront Page Web Server	Pam Pac	10/25/00	1,249.00	941.75
x	1 Cisco 24-Port 10/100 swit.ent	Somera Communications	1/22/01	1,432.00	1,202.88
x	Cisco 4 Port T1 ATM Network Mo	Somera Communications	1/24/01	3,375.00	2,835.00
		Citibank	2/28/01	5,218.08	4,296.22
			9/25/01	243.50	172.07
	Single port HIS network /ADTRAN T3SU - port HSSI T3 DSU/CSU	Network Hardware	2/12/02	4,754.57	1,822.59

Description of Property	Vender/Supplier	Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Disposition or Corrections		Dis Date		
Asset Sale		3/10/97	(1,600.00)	
Asset Sale		3/18/97	(1,200.00)	
Correction-operational lease		12/31/00	(13,357.58)	
Total Internet Equipment			306,324.91	296,649.25
Cellular Telephone Equipment				
Pre 1997 Purchases		Various	1,406.82	1,406.82
Total Cellular Telephone Equipment			1,406.82	1,406.82
Switching Equipment				
Pre 1997 Purchases		Various	219,855.36	219,855.36
Switching Equipment		3/18/97	37,650.00	37,650.00
Upgrade	National Applied Computer	7/23/99	15,200.00	15,200.00
Upgrade	National Applied Computer	8/12/99	7,000.00	7,000.00
Upgrade	National Applied Computer	9/30/99	41,988.00	41,988.00
June & Sept. Upgrade		9/30/99	256,752.00	256,752.00
December Purchase of 2nd switch	Upgrade	12/23/99	311,456.00	255,393.92
Digital Muxes for Switches	Digital Resource	1/1/00	5,700.00	5,152.80
Nuera Compression Equipment	KentDat	7/25/00	12,076.43	9,709.45
2 STX Switch Systems - #3 & 4	NACT	9/19/00	675,000.00	520,200.00
Shelf for RC28D/Power Unit	Telpro	11/14/00	7,286.80	5,372.80
Lease - Silo Financial Leasing	Telpro	11/21/00	41,631.35	30,696.18
	Telpro	11/30/00	627.65	462.79
	Somera Communications	12/13/00	1,485.00	1,070.19
1 STX Switch System - #5	NACT	1/15/01	222,500.00	133,500.00
Frac. T1 DSU/CSU, V.35/Sub-rate DSU/CSU AC/ cable	Brandon Technologies Inc.	6/21/01	2,072.07	828.83
Cyberlog Switch	GST Telecom	6/25/01	76,000.00	30,400.00
MPS48/100 C-Can 48VDC Power Supply	DCPower	6/22/01	5,107.30	2,042.92
		7/11/01	3,100.00	1,240.00
1 STX Switch System - #5	NACT	7/15/01	222,500.00	89,000.00
5 Wideband 28 multiplexors CAC DS-3 Muxes	Blue Star Telecom	2/14/02	10,000.00	3,833.33
2 Picopax Gateway System - VOIP Pico Boxes	NACT	4/1/02	64,540.00	22,589.00
5 Cisco AS5300 Routers - China/LA	UsedCisco Systems	7/5/02	22,000.00	6,600.00
Cyberlog Purchase		9/30/02	3,480.50	928.13
			(3,480.50)	
Switching Equipment	Graybar	10/23/02	3,437.49	859.37
			(3,437.49)	
			(700.00)	
3 Year Financial Lease- pioneer financial	Pioneer Capital	12/10/02	41,990.21	9,097.88
Total Switching Equipment			2,302,818.17	1,707,422.95
Telecom Int'l Cables & Equipment				
Laredo IRU	RSL Com USA	12/3/01	31,250.00	13,020.83
Total Telecom Int'l Cables & Equipment			31,250.00	13,020.83

Description of Property		Vender/Supplier	Date Placed In Service	Cost or other Basis	Accum. Depr. As of 12/31/03
Telephone System & Equipment					
Pre 1997 Purchases				1,366.51	1,366.51
Voice Mail Equip-PN-2Data Delay Annouc		Canyon Telecom	3/17/98	1,200.00	1,165.71
		Graybar	4/29/98	1,035.33	1,005.75
Upgrade to Voice Mail		Citaad	1/31/00	2,950.00	2,175.92
New phone equipment and phones- Florida		Graybar	8/30/00	1,696.63	1,110.01
Phone Sytem		Paragon Communications	3/16/01	15,425.00	9,392.03
x	System for SLO Office	Paragon Communications	3/29/01	16,118.39	9,814.22
x	18 Nortel 2008 8 button display phones	Information Solutions inc.	3/29/01	3,152.34	1,919.41
x	34 Phones/T1 trunk/Extention Cards	Information Solutions inc.	2/28/01	10,991.51	6,823.44
21 Phones/digital line extention cards		Information Solutions inc.	6/15/01	6,505.31	3,728.57
Voice Mail Equip: Main Cabinet/CPU card/hard drive/dyp card		Paragon Communications	6/18/01	1,600.00	917.05
Universal Trunk Card for paging		Copper State Communications	6/26/01	3,323.83	1,905.
Voice Mail-Voice Cabling		Gruber	8/23/01	5,756.90	3,162.51
		MS Tech Support	9/27/01	245.00	131.67
Phone		Information Solutions inc.	10/31/01	867.21	455.74
Voice & Data Cabling-Ste 935,1003,1007		Gruber	11/13/01	3,583.85	1,840.73
Total Telephone System & Equipment				75,817.81	46,914.35
Air Conditioning Systems & Equipment					
5-Ton Upflow A/C - Server Room		Gruber Technicl	9/30/01	18,254.85	8,518.93
20-Ton A/C - LA		Spectrum Mech	1/01/03	19,120.00	0.00
Total A/C Systems & Equipment				37,374.85	8,518.93
Leasehold Improvements160-0					
Pre 1997 Improvements				8,977.21	8,977.21
x	Cable Between 2nd & 10th Floor	Canyon Telecom	2/17/98	1,035.38	690.25
		Johnson Construction	3/22/98	2,640.00	1,760.00
x	Flooring	Simpson Floor Covering	4/30/98	1,485.00	1,485.00
x	Lock Security System	A1Locks	3/26/98	3,783.90	2,491.30
10th floor renovations			9/18/01	3,591.59	1,676.08
Total Leasehold Improvements				21,513.08	17,079.84
Total Fixed Assets				3,732,773.67	2,707,093.83

Grand Total

SCHEDULE G

TELEPHONE NUMBERS AND ACCESS AND IDENTIFICATION CODES

1. 1016798 and 1010766, the Dancris Carrier Identification Codes used with Feature Group D.
2. 950-0766, the Dancris access code used with Feature Group B.
3. Dancris' unique SS-7 point codes: 005-019-132 thru and including 005-009-139 and 005-087-164 thru and including 005-087-167
4. RESPORG ID# DTK01
5. All administrative telephone numbers including, but not limited to:

800-541-6316	SLO customer service
800-683-5731	Internet only customer service
800-830-8088	Scottsdale customer service
866-333-5894	Elaine Hunter's desk
866-776-0444	MTI & Phoenix Coyotes calling card
866-805-1793	Pamm Kemp's desk
888-326-2747	(888-Dancris)
888-615-1111	GST calling cards
888-664-8080	Dancris calling card access
888-884-3377	Dapper service
877-371-4118	Comsol accounts customer service
877-371-4120	Norstar accounts customer service
888-220-2584	Vladimir customer service Russian
888-755-4589	Norstar sales office
877-269-8420	SLO CS Fax
877-663-9482	Robyn/Agent Sales
800-355-3360	Gateway
888-855-8899	Gateway
800-460-4443	Gateway
877-295-6112	Cyberlog maintenance
877-295-6128	Cyberlog maintenance
800-906-1046	OS platform (general use)
800-906-1587	OS platform (general use)
877-856-1746	World Wide
866-898-0919	World Wide
877-221-0767	World Wide
800-747-0665	World Wide

SCHEDULE H
SECURITY DEPOSITS

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Wilson Properties	Scottsdale Offices	\$6,294.36
Dolezal Family LP	San Luis Obispo Facility	\$27,334.00
Pioneer Capital	Equipment Lease	\$2,914.70
Tcast Communications	Circuits for Los Angeles Facility	\$8,000.00
First National of Omaha	Operator Service CC	\$20,000.00
TOTAL		<u>\$64,543.06</u>

SCHEDULE I

PREPAID FEES AND EXPENSES

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Ryley, Carlock & Applewhite	Legal Fees	\$5,000.00
Neopost	postage meter	860.53
Sage	MAS2000 Support	2,827.44
Cyberlog	Software Support	<u>29,666.64</u>
TOTAL		<u>\$38,354.61</u>

EXHIBIT 1

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), made as of February 16, 2004, by and between Andiamo Telecom, L.L.C., an Arizona limited liability company ("Buyer"), and Dancris Telecom, L.L.C., an Arizona limited liability company ("Seller").

RECITALS

A. Buyer and Seller have entered into that certain Asset Purchase Agreement, dated as of February 10, 2004 (the "Purchase Agreement").

B. To effectuate the transactions described in the Purchase Agreement, Seller desires to assign to Buyer certain Purchased Business Assets (as such term is defined in the Purchase Agreement), and Buyer desires to assume from Seller certain Assumed Business Liabilities (as such term is defined in the Purchase Agreement).

NOW THEREFORE, in consideration of the conditions, covenants, and representations and warranties set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, Buyer and Seller agree as follows:

AGREEMENT

1. Assignment of Purchased Business Assets. Effective as of 12:00 a.m., Arizona time, on February 16, 2004, Seller hereby convey, assigns, transfers and delivers to Buyer, all right, title and interest of Seller (including, without limitation, rights of payment) in and to all of the Purchased Business Assets.

2. Assumption of Assumed Business Liabilities. Effective as of 12:00 a.m., Arizona time, on February 16, 2004, Buyer hereby assumes from Seller, and agrees to pay, discharge and perform, each of the Assumed Business Liabilities.

3. General. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives. This Agreement shall be governed by and construed in accordance with the Laws of the State of Arizona without regard to conflict of laws principles. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any third party any rights, remedies, obligations or liabilities whatsoever.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf as of the day and year first above written.

BUYER:

ANDIAMO TELECOM, L.L.C.

By: _____

Title: Vice President

SELLER:

DANCRIS TELECOM, L.L.C.

By: _____

Title: Manager

ASSIGNMENT AND ASSUMPTION
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BUYER:

ANDIAMO TELECOM, L.L.C.

By: [Signature]

Title: Vice President

SELLER:

DANCRIS TELECOM, L.L.C.

By: [Signature]

Title: Manager